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Financing of the Military Observer Group of the United Nations Verification Mission in Guatemala

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Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA) for the period from 15 February to 31 May 1997 (A/53/775). The Committee has also considered the final disposition of the assets of the Military Observer Group. During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. As indicated in paragraph 6 of the report, total resources made available to the Military Observer Group for the period from 15 February to 31 May 1997 amounted to $4 million gross ($3,956,300 net). The related expenditures, as indicated in paragraph 6 of and annex I to the report, amount to $3,946,000 gross and net. Prior period obligations amounting to $130,200 were subsequently liquidated, as indicated in annex IX to the report, reducing expenditures to $3,815,800. The resulting unencumbered balance therefore amounts to $184,200 gross ($140,500 net). This balance resulted primarily from civilian staff vacancies and lower requirements for utilities and commercial communications. These under-expenditures were partially offset by additional requirements for mission subsistence allowance for military observers and miscellaneous supplies and services.

3. Paragraph 7 of the report indicates that, as of 30 April 1997, a total of $3,969,802 had been assessed on Member States for the reporting period and that contributions received as at 31 October 1998 amounted to $3,651,046. The resulting shortfall is $318,756. Unliquidated obligations as at 31 December 1998 amounted to $12,336. These were related to the travel of military observers.

4. Under-expenditures of $62,000 are reported under civilian personnel costs (see A/53/775, annex II.B). The original cost estimates provided for a staffing complement of 10 international and 20 local staff. The Committee notes, however, that only three international staff were deployed during the demobilization process owing to "difficulties in identifying candidates with the required language and experience and within the specified time-frame" and that administrative backstopping had to be provided by existing MINUGUA staff. The Committee believes that this issue should be looked into in order to prevent this from recurring in future missions or operations.

5. Additional requirements of $170,000 were reported under mission subsistence allowance for the military

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observers. According to the explanation provided in paragraph 2 of annex II.B, a large proportion of the 142 military observers, who were supposed to be provided with accommodation in the team sites, had to spend more time than planned away from the sites for patrols and in Guatemala City for administrative tasks. In view of travel restrictions after 6 p.m., they could not always return to the team sites.

6. The Committee notes that additional requirements of $246,100 resulted under hire/charter costs of helicopters (see A/53/775, annex II.B, para. 18). The Committee recalls that the cost estimates contained in the report of the Secretary-General dated 3 March 1997 (A/51/815) provided for the hiring of three helicopters for use by the Military Observer Group. However, the performance report (A/53/775) indicates that the initial contract was cancelled because the company could not provide the services stipulated in the contract. Moreover, MINUGUA helicopters had to be used for the demobilization tasks during February and March of 1997. Additional hours were therefore charged to the Military Observer Group by MINUGUA, and the latter's air contract was amended to provide an additional helicopter effective 1 April 1997.

7. In this connection, the Committee stresses that any contract entered into by the Organization must include penalty clauses to protect the mission in case of breach of contract, thus avoiding any possibility of incurring additional unnecessary expenditures, such as those mentioned in paragraph 6 above.

8. The report of the Secretary-General also contains information on the final disposition of the assets of the Military Observer Group, which is guided by the policies and principles for the liquidation of assets proposed by the Secretary-General (see A/48/945 and Corr.1, para. 110), recommended by the Committee (A/49/664, para. 116) and approved by the General Assembly in its resolution 49/233 A of 23 December 1994. The Committee notes that the assets of the Military Observer Group, based on inventory value, were estimated at $1.2 million as at 31 May 1997. As indicated in paragraph 16 of the financial performance report, they have been placed into three groups detailed therein. The Committee notes that group 1 includes assets with an inventory value of $965,300 (80 per cent of total asset value), which have been transferred to either MINUGUA or the United Nations Logistics Base at Brindisi (see A/53/775, annex VI).

9. In this connection, the Committee was assured that the transfer was carried out in accordance with the policy for the transfer of used assets proposed by the Secretary-General in his report of 31 July 1997 (A/51/957) on the field assets control system and endorsed by the General Assembly in its resolution 52/1 A of 15 October 1997, ensuring appropriate evaluation in order to avoid the transfer of unserviceable property at additional cost to the Organization. With regard to the accounting procedures, the Committee recalls that any equipment procured by the United Nations with assessed contributions is made available (once no longer required for its original purpose) for use by any other United Nations activity funded from assessed contributions without entering into additional financial transactions, as long as that activity can demonstrate an operational need for that equipment (see A/50/985, para. 35).

10. The second group consisted of assets with an inventory value of $158,000 (13 per cent of total asset value), including those assets sold within the mission area, as reported in annex VII to the performance report. The third group included assets written off, with a total inventory value of $73,000 (6 per cent), and assets lost during the course of the mission ($700, or less than 1 per cent), as reported in annex VIII to the report.

11. The Committee sought additional information with regard to assets lost during the course of the mission. In particular, the Committee noted that, out of 21 laptop computers provided in the inventory of the Military Observer Group, 9 were not accounted for. In this regard, the Committee was further informed, upon inquiry, that the corresponding investigation had revealed that the laptops in question had been stored, after having been received in faulty condition from the United Nations Support Mission in Haiti, awaiting write-off procedures by the Local Property Survey Board. Moreover, during construction of a shelving unit in the electronic data-processing section of the warehouse, they disappeared. The Local Property Survey Board, after consideration of the case and in view of the circumstances involved, recommended that the United Nations absorb the loss of the nine laptops. In view of the amounts being spent in replacing data-processing equipment, the Committee reiterates the importance of ensuring that safety and accountability procedures are in place to deter such losses and penalize those responsible.

12. Paragraph 17 of the report outlines the actions that need to be taken by the General Assembly at its fifty-third session in connection with the financing of the Military Observer Group of MINUGUA. The Committee recommends that Member States be credited their share of the unencumbered balance of $184,200 gross ($140,500 net) for the period from 15 February to 31 May 1997 reflected in the report.

13. With regard to the treatment of interest ($38,653) and miscellaneous income ($68,983), totalling $107,636, and unless otherwise decided, the General Assembly may wish either to credit this amount, along with any surplus from the eventual liquidation of the remaining obligations in the Special Account for the Military Observer Group, to the Peace-keeping Reserve Fund, as was the case with the United Nations Observer Mission in El Salvador (see General Assembly resolution 50/246 of 17 September 1996), or to credit Member States their respective share, as was done in the case of the United Nations Operation in Mozambique (see General Assembly resolution 52/240 of 26 June 1998). The Committee also recommends approval of the special arrangements as regards article IV of the financial regulations, and that the General Assembly take note of the report on the disposition of the assets of the Military Observer Group.